

Message Text

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42

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 IO-14 ISO-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 PRS-01

SPC-03 FEA-02 OMB-01 SSO-00 INRE-00 USIE-00 DRC-01

/227 W

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O R 151556Z JAN 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 9718

INFO AMEMBASSY PARIS IMMEDIATE

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY BRASILIA

AMEMBASSY CANBERRA

AMEMBASSY KUALA LUMPUR

AMEMBASSY NEW DELHI

AMEMBASSY PRETORIA

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

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DEPT FOR EBERLE - STR

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PARIS FOR MALMGREN

E.O. 11652: N/A

TAGS: GATT, US, EC

SUBJECT: GATT XXIV:6: RENEGOTIATIONS WITH THE EC

REF: STATE OO3076

1. SUMMARY. IN MEETING WITH AMBASSADOR MALMGREN FRAU STEEG PROMISED TO USE HER POSITION AS CHAIRWOMAN OF 113 COMMITTEE TO BRING UP AND MANAGE DISCUSSION OF ARTICLE 24:6 MATTER. RESOLUTION WOULD ONLY BE POSSIBLE IF US SHOWED DIPLOMATIC SKILL AND IF ALL MEMBER STATES WOULD SHOW REASONABLENESS IN APPROACHING PROBLEM. COMPROMISE SOLUTION PROBABLY COULD NOT BE PUT BEFORE COUNCIL OF MINISTERS BEFORE MID-MARCH ALTHOUGH 113 COMMITTEE COULD BEGIN CONSIDERATIONS ON FEBRUARY 4. IN SEPARATE MEETING WITH SACHS, STATE SECRETARY OF FONOFF, POLITICAL PROBLEMS OF MANAGING 24:6 PROCEDURES WERE DISCUSSED. MOOD OF THIS MEETING - FRIENDLY AND COOPERATIVE.

2. AMBASSADOR MALMGREN DEPUTY SPECIAL TRADE REPRESENTATIVE ACCOMPANIED BY MEMBERS OF EMBASSY AND STR STAFF CONVEYED TO FRAU STEEG (ECONOMICS MINISTRY ASSISTANT SECRETARY) US ARTICLE 24:6 POSITION ALONG LINES OF PRESIDENT'S DECISION MEMORANDUM AND BACKGROUND PAPERS.

3. STEEG WHO IS CURRENT CHAIRWOMAN OF EC 113 COMMITTEE SAID THAT GERMAN POSITION WILL BE INFLUENCED BY ITS ROLE AS EC COUNCIL PRESIDENT WHICH MEANS THAT ADVOCACY OF ITS OWN NATIONAL POSITIONS WILL HAVE TO BE TONED DOWN AS FRG TAKES LEAD IN FINDING COMPROMISE POSITIONS. FRG WILL TRY TO WORK TO BRING THE COMMUNITY ALONG TOWARD MUTUALLY BENEFICIAL SOLUTION TO PROBLEM.

4. COMMITTEE WILL BE EXTREMELY RELUCTANT ONCE AGAIN TO CONSIDER US REQUESTS IN 24:6 HAVING JUST FINISHED LIMITED OFFICIAL USE

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PAINFUL PROCESS TO COME UP WITH SUPPLEMENTAL LISTS. MEMBER STATES DO NOT WANT TO START FROM SCRATCH AGAIN. ALSO PRESENT SITUATION OF ECONOMIC SLOWDOWN WITH CONSEQUENT INCREASE IN PROTECTIONIST MOOD IS NOT CONDUCIVE TOWARDS ACCEPTING US REQUESTS FOR GREATER ACCESS. SHE BELIEVED THIS MOOD WOULD WORSEN IN COMING MONTHS.

5. STEEG RECOMMENDED THAT THE US NOT PUSH TOO HARD FOR AN IMMEDIATE DECISION. SUPPLEMENTAL OFFER WAS ONLY POSSIBLE AFTER TIME-CONSUMING PROCESS OF WORKING OUT DELICATE TRADE-OFFS SOME OF WHICH ARE NOT EVEN KNOWN TO USG OFFICIALS. THE ONLY COUNCIL MEETING PLANNED IN FEBRUARY TAKES PLACE AT THE BEGINNING OF THE MONTH AND IT IS NOT POSSIBLE FOR DIRECTOR GENERALS TO BEGIN WORKING OUT PROPOSALS TO PRESENT TO THEIR MINISTERS IN THE REMAINING TIME. AT MID-MARCH COUNCIL MEETING COUNCIL WILL CONSIDER REACTION OF ALL 3RD PARTIES TO EC'S COMPENSATION OFFER WHICH WOULD PROVIDE FIRST OPPORTUNITY FOR CONSIDERATION OF US PROPOSAL. STEEG EMPHASIZED THAT FACT THAT EC WILL CONSIDER US REQUESTS DOES NOT MEAN NECESSARILY THAT EC WILL AGREE TO IMPROVE OFFER.

6. ON THE OTHER HAND, FRAU STEEG CONTINUEO, PROMPT SOLUTION IS IMPORTANT. THE LONGER THE SITUATION FESTERS THE GREATER THE CHANCE THAT POSITIONS WILL HARDEN ON BOTH SIDES AND THAT INCREASED PROTECTIONISM

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AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

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WILL MAKE IT IMPOSSIBLE FOR THE COMMITTEE TO BE
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FORTHCOMING. EFFORTS SHOULD BE MADE TO KEEP CONTROVERSY
OUT OF THE PRESS. MALMGREN AGREED WITH STEEG'S
POINT BUT AGAIN EMPHASIZED THAT GATT REQUIRED US TO
MAKE NOTIFICATIONS OF POSSIBLE WITHDRAWALS BEFORE
THE END OF MAY. US DOMESTIC SYSTEMS REQUIRED PUBLIC
HEARINGS TO BEGIN IN EARLY MARCH SO AS TO ALLOW TIME
TO DRAW UP LIST. HE HOPED THAT BEFORE MID-MARCH
COUNCIL MEETING OUTLINES OF APPARENT SETTLEMENT WOULD
BECOME CLEAR. IN VIEW OF STEEG'S PRIMARY ROLE IN
FORMULATING EC POLICY MALMGREN PROMISED TO KEEP HER
INFORMED, AND INDICATED THAT EMBASSY AND WASHINGTON
WOULD REMAIN IN CLOSE CONTACT.

7. IN MEETING WITH STATE SECRETARY SACHS (WHO HAD
BEEN GERMAN PERMREP IN BRUSSELS PREVIOUSLY) PROBLEMS
OF MANAGING 24:6 IN FLUID JANUARY-FEBRUARY PERIOD,
AND MORE DIFFICULT MARCH-MAY PERIOD WERE RAISED.
SACHS REITERATED THAT THE FRG INTENDED TO CARRY OUT
ITS RESPONSIBILITY AS CHAIRMAN OF THE COUNCIL DURING
THE NEXT SIX MONTHS BUT HE NOTED THAT IT WOULD BE
EXTREMELY DIFFICULT TO REACH AGREEMENT ESPECIALLY
BECAUSE OF THE FRENCH POSITION.
HILLENBRAND

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Message Attributes

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Disposition Authority: morefirh
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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30 JUN 2005

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Review Withdrawn Fields: n/a
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TAGS: ETRD, US, EC, GATT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005